



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
GRAYSON COUNTY SHERIFF**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
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**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**GRAYSON COUNTY SHERIFF**

**Calendar Year 2000**

The Auditor of Public Accounts has completed the Grayson County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

**Financial Condition:**

The Grayson County Sheriff's office received operating revenue from various sources, including two Federal Grants of \$76,758 for COPS in Schools Grant and Bulletproof Vest Partnership Grant. The Sheriff's office is part of a fee-pooling system; therefore, receipts are turned over to Fiscal Court and Fiscal Court pays most expenditures of the Sheriff's office. The Sheriff's office had gross receipts of \$408,155, disbursements of \$23,284, and excess fees paid to Fiscal Court of \$392,132. As of December 31, 2000, the Grayson County Sheriff had overpaid excess fees to the county in the amount of \$7,261.

**Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

**Sheriff's K-9 Dog Fund:**

The balance at December 31, 1999 was \$5,690. The Sheriff received \$17,089 during the calendar year 2000, while expenditures were \$20,826, leaving a balance at December 31, 2000 of \$1,953. These funds are awarded to the Sheriff through community donations and seizures of property.

**Subsequent Event:**

On December 19, 2000, the Grayson County Fiscal Court approved a resolution abolishing the fee-pooling system for the Grayson County Sheriff and Clerk. This will be effective on January 1, 2001.



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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Gary Logsdon, Grayson County Judge/Executive  
Honorable Joe Brad Hudson, Grayson County Sheriff  
Members of the Grayson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Grayson County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Gary Logsdon, County Judge/Executive  
Honorable Joe Brad Hudson, Grayson County Sheriff  
Members of the Grayson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2001, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 15, 2001



GRAYSON COUNTY  
JOE BRAD HUDSON, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

Federal Grants		\$	76,758
State Fees For Services:			
Finance and Administration Cabinet			26,116
Circuit Court Clerk:			
Sheriff Security Service	\$	11,960	
Fines and Fees Collected		<u>14,984</u>	26,944
Fiscal Court			480
County Clerk - Delinquent Taxes			3,339
Commission On Taxes Collected			186,870
Fees Collected For Services:			
Auto Inspections	\$	4,390	
Serving Papers		<u>22,230</u>	26,620
Other:			
Copies	\$	1,978	
Sheriff's Add-On Fees		30,669	
Carrying Concealed Deadly Weapon Permits		14,035	
Transport		4,043	
Marijuana Task Force		5,034	
Miscellaneous		<u>2,356</u>	58,115
Interest Earned			<u>2,913</u>
Gross Receipts		\$	408,155

GRAYSON COUNTY  
 JOE BRAD HUDSON, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 2000  
 (Continued)

Disbursements

Operating Disbursements:

Materials and Supplies-

Office Materials and Supplies	\$	438
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Other Charges-

Carrying Concealed Deadly Weapon Permits - State		9,575
Return of Fugitives		6,132
Serving Papers		1,110
Gasoline		2,364
Phone/Paging		658
Utilities		53
Dues		518
Photos		78
Computer Supplies		20
Vehicle Maintenance		894
Training		1,249
Uniforms		117
Miscellaneous		<u>78</u>

Total Disbursements		\$	<u>23,284</u>
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Excess Fees Due County for Calendar Year 2000		\$	384,871
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Payments to County Treasurer - Monthly:

Statutory Maximum	*	\$	59,306	
Other Fees Paid			<u>332,826</u>	\$ <u>392,132</u>

Refund Due Sheriff at Completion of Audit		\$	<u><u>(7,261)</u></u>
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\* Under fee pooling, this amount was paid to Fiscal Court as excess fees, then paid by fiscal court directly to the Sheriff.

The accompanying notes are an integral part of the financial statement.

GRAYSON COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the fiscal court each month.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 for the first six months and 7.17 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

GRAYSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Subsequent Event

On December 19, 2000, the Grayson County Fiscal Court approved a resolution abolishing the fee-pooling system for the Grayson County Sheriff and Clerk. This will be effective on January 1, 2001.

Note 5. Sheriff's K-9 Dog Fund

The Sheriff maintains a K-9 Dog Fund. The balance at December 31, 1999 was \$5,690. The Sheriff received \$17,089 and expended \$20,826 during calendar year 2000, leaving a balance at December 31, 2000 of \$1,953. These funds are awarded to the Sheriff through community donations and seizures of property.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
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Members of the Grayson County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Grayson County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated October 15, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Grayson County Sheriff's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Grayson County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
October 15, 2001



